DOCUMENT RESUME

ED 431 507 PS 027 288

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TITLE The Burden of Proof: How Much Is Too Much for Child Health Coverage?

INSTITUTION Southern Inst. on Children and Families, Columbia, SC.

SPONS AGENCY Robert Wood Johnson Foundation, Princeton, NJ.
PUB DATE 1998-12-00
NOTE 50p.
PUB TYPE Reports - Descriptive (141)
EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Child Welfare; Disadvantaged Environment; Economically Disadvantaged; Family Programs; Federal Programs; *Federal Regulation; *Health Insurance; *Low Income Groups; Poverty Programs; Welfare Recipients; *Welfare Services
IDENTIFIERS United States (South)

ABSTRACT

To assist states in easing the burden of Medicaid application procedures and verification requirements for families, the Southern Institute on Children and Families conducted a regional meeting to discuss child health coverage verification issues in September, 1998. Participating in the dialogue were Medicaid and state child health insurance programs (CHIP) officials from 15 southern states. The Department of Education is working with teachers, principals, researchers, and others to notify families with low to moderate incomes about the Children's Health Insurance Program (CHIP), as well as regional and central office Health Care Financing Administration (HCFA) representatives. This report presents knowledge attained as a result of this discussion. In addition, prior to the meeting, a poll of 17 southern states and the District of Columbia was conducted to identify verification questions states wanted to pose to HCFA; this report includes information from HCFA responses, specifically: verification requirements at application and verification requirements at redetermination. Additional issues covered in the report include: (1) Medicaid versus CHIP benefits; (2) random verification checks; (3) insurance verification; (4) alien status of CHIP applicants; (5) continuous eligibility; (6) regulation clarification; (7) paternity establishment; (8) social security number; (9) immigration status; (10) quality control concerns; (11) confidentiality; (12) remote eligibility determination; and (13) applying for children. The report includes information on the interpretation of federal rules related to verification of income, age, citizenship, resources and family composition both at application and redetermination. The need for clarification on verification and other eligibility issues is discussed, as is the importance of state initiatives to reduce the verification burden on families while maintaining the integrity of the eligibility process. (JPB)

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THE BURDEN OF PROOF: How Much Is Too Much For Child Health Coverage?

December 1998

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The Burden of Proof:

How Much is Too Much for Child Health Coverage?

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December 1998

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INTRODUCTION

When families apply for Medicaid coverage for their children, they are warned of fraud penalties and must attest to their knowledge of the consequences of making untruthful statements when they sign the Medicaid application. Families generally are required to provide documentation to prove certain statements made on their application. In bureaucratic terms, such documentation is called "verification."

From the family's perspective, this burden of proof can be problematic for many reasons. Obtaining required verification frequently involves third parties such as employers and noncustodial parents, who may not be cooperative. Complying with verification requirements can be particularly difficult for families with limited resources, especially those without transportation or child care. For parents who would lose wages if they take time off from work to collect the required documents, verification requirements present substantial application barriers. In addition to these practical concerns affecting access to coverage, a major problem is that the intrusive nature of the verification process adds considerably to the stigma associated with applying for government-sponsored child health coverage.

Medicaid application procedures and verification requirements evolved from welfare rules and are long overdue for an examination of their relevance to a health insurance program for children. Rules vary by state because states have considerable flexibility in deciding the extent to which verification is required.

States have been reluctant to reduce verification requirements due to concerns over quality control, particularly the federal Medicaid Eligibility Quality Control (MEQC) system. However, the pervasive and longstanding fear of the MEQC system is largely unfounded today. The federal Health Care Financing Administration (HCFA) is making special efforts to work cooperatively with states to make the eligibility process more family friendly.

In recent years, several states have demonstrated that it is possible to maintain eligibility quality control while alleviating some of the verification burdens placed on families. Among the southern states, Georgia has been a leader in reducing verification demands on families, and Georgia Medicaid officials testify that they have not experienced quality control problems as a result.

Given that there are approximately 4.5 million uninsured children who are eligible but not enrolled in Medicaid, it is clear that action is needed to improve access to Medicaid coverage. Actions are also needed to assure that eligible children do not lose Medicaid coverage due to procedural requirements at redetermination.

Efforts to simplify the eligibility process are also relevant to assuring access to the new state child health insurance (CHIP) programs. The same procedural requirements that have restricted access to Medicaid can become access barriers to CHIP. In addition, the federal statute specifies that children who are eligible for Medicaid are ineligible for CHIP. A letter from HCFA dated November 23, 1998, (see Appendix A) states that if a family fails to complete the application process for any reason, the child cannot be enrolled in CHIP. Thus stringent verification and other procedural requirements for Medicaid can hamper access to CHIP.

Because the issues are complicated, information and dialogue are essential to helping states ease the verification burden on families. To assist states, the Southern Institute on Children and Families on September 15-16, 1998, conducted a regional meeting to discuss child health coverage verification issues. Participating in the dialogue were Medicaid and/or CHIP officials from 15 southern states, as well as regional and central office HCFA representatives. (Participants are listed in Appendix B.) This report presents knowledge attained as a result of this discussion. The meeting and this report were made possible by a grant from The Robert Wood Johnson Foundation.

Prior to the Southern Institute meeting, a poll of 17 southern states and the District of Columbia was conducted to identify verification questions states wanted to pose to HCFA. These questions were compiled and sent to HCFA before the meeting. Some written responses were submitted at the meeting, and additional responses were developed after the meeting. This report includes the following information:

- Verification Requirements at Application
- Verification Requirements at Redetermination
- Additional Issues

Where the term CHIP appears in the HCFA response, it refers to a separate CHIP program. References to Medicaid include both regular Medicaid and CHIP Medicaid expansions.

The Southern Institute meeting provided an opportunity for "give and take" on the interpretation of federal rules related to verification of income, age, citizenship, resources and family composition both at application and at redetermination. The discussion vividly demonstrated the need for clarification on verification and other eligibility process issues. It also clearly demonstrated that states have substantial authority to take actions to reduce the verification burden on families while maintaining the integrity of the eligibility process.

The Southern Institute wishes to express appreciation to the Health Care Financing Administration and state Medicaid/CHIP representatives who participated in this important initiative. It is hoped that this report will assist states in their efforts to simplify the application and redetermination processes for families seeking health coverage for their children.

VERIFICATION REQUIREMENTS

AT APPLICATION

State Questions and HCFA Responses

Income

Question 1

What are the minimum requirements for verification according to federal regulations?

For Medicaid, the only federal income verification requirement is the post-eligibility requirement in Section 1137 of the Social Security Act for the state to have an income and eligibility verification system (IEVS). Under IEVS, the state must request information from other federal and state agencies to verify the applicant's income and resources to the extent that it is useful. The applicant must be informed in writing, at the time of the application, that the agency will be requesting this information. The regulations implementing IEVS are at 42 CFR 435.940.965.

For CHIP, there are no income verification requirements.

Question 2

Can a state accept self-declaration for CHIP? Medicaid?

Yes. For both CHIP and Medicaid, the state can use self-declaration to establish eligibility.

For Medicaid, verification of self-declared income is required under the IEVS system. For income that cannot be verified under IEVS, HCFA encourages random post-eligibility verifications or the adoption of other procedures designed to assure program integrity is being maintained. (See HCFA letter dated September 10, 1998, in Appendix C.)

For CHIP, there are no federal income verification requirements. However, HCFA encourages random post-eligibility verification of self-declared income or the adoption of other procedures designed to assure program integrity is being maintained.

Question 3

Is self-declaration of income acceptable if a client is within a certain range of the income limit?

Yes. Self-declaration of income, based on income limits, can be used to establish eligibility for both Medicaid and CHIP.

Question 4

Can verification for CHIP be limited to information required for only poverty-level children?

For a separate CHIP program, the state may establish whatever income verification requirements it desires. Verification of income is not required under CHIP by current federal law.

Question 5

What about income earned in a family unit that is ultimately given to another family unit for child support, health insurance, day care, etc?

For Medicaid, income earned by a member of the Medicaid family unit but either used to pay child support, health insurance, day care or withheld from the salary to pay for something is considered available to the family and counted as income.

(Exception: Day care expenses of up to $200 per month for a child under 2 and $150 per month for an older child must be excluded from income if the care is necessary for the adult to work.)

States do have the option under sections 1902(r)(2) and 1931 to exclude income that is used for a certain purpose because this would be a more liberal method of determining countable income than required.

For CHIP, there are no federal requirements on determining what income counts in the eligibility determination. The state, therefore, may follow Medicaid policy or adopt another policy.

Question 6

How can we predetermine eligibility with other programs that require income verifications, such as free and reduced school meal programs?

For Medicaid, it is not likely that states can rely on the eligibility determinations of other programs because eligibility requirements vary among programs. However, the application processes can be integrated through use of joint application forms.

Under a separate CHIP program, the state would have the flexibility to deem eligible for CHIP a child who is eligible under another program. States do not have the flexibility, however, to deem CHIP eligibility for individuals who already are Medicaid eligible.

Verifications of income obtained by other programs can be used under Medicaid or CHIP if that information is disclosable by the program.

Question 7

Should the income of a live-in boyfriend or girlfriend be counted in the family's total income?

Under Medicaid, the income of a live-in boyfriend or girlfriend would not be counted in determining the eligibility of the child, except to the extent that it is actually contributed (e.g., money actually changes hands). A boyfriend's income is not counted even if the child is pregnant and eligibility is being established under the group for poverty-level pregnant women. After the birth of the infant, if the live-in boyfriend is the father, his income would be considered in establishing the eligibility of the infant after the one-year period of deemed newborn eligibility ends.

Under CHIP, there are no federal requirements for determining what income counts in the eligibility determination. The state may, therefore, follow Medicaid policy or adopt another policy.

Question 8

For applicants who are paid in cash, will a statement from a credible third party to corroborate stated income be acceptable?

That determination is within state discretion for both Medicaid and CHIP. (See HCFA letter dated September 10, 1998, in Appendix C.)

Resources

Question 1

What are the minimum requirements for verification according to federal regulations?

For Medicaid, the only requirement to verify resources is the IEVS verification requirement that is discussed in the answer to the first question under income. (See HCFA letter dated September 10, 1998, in Appendix C.)

For CHIP, there are no verification requirements for resources.

Question 2

Is self-declaration acceptable?

Yes. For both Medicaid and CHIP, the state can use self-declaration to establish eligibility.

For Medicaid, verification of self-declared resources is required under the IEVS system. For resources that cannot be verified under IEVS, HCFA encourages states to conduct random post-eligibility verifications or the adoption of other procedures designed to assure program integrity is being maintained.

For CHIP, there are no federal resource verification requirements. However, HCFA encourages random post-eligibility verification of self-declared resources or the adoption of other procedures designed to ensure program integrity.

Question 3

Is self-declaration of resources acceptable if a client is within a certain range of the resource limits?

Yes. Self-declaration of resources, based on resource limits, can be used to establish eligibility for both Medicaid and CHIP.

Question 4

Is it possible to eliminate resource tests, streamline resource rules and standardize resource limits for all family and children covered groups?

Yes, for both Medicaid and CHIP.

Under Medicaid, this can be achieved through the use of the authority in Sections 1902(r)(2) and 1931 of the Social Security Act to adopt more liberal resource methodologies than those in effect under the state's AFDC plan in effect on July 16, 1996.

For CHIP, the state has complete discretion in terms of setting resource requirements, including no resource test at all.

Citizenship

Question 1

What is the minimum standard?

For Medicaid, as a condition of eligibility, citizens or nationals must declare in writing under penalty of perjury that they are U.S. citizens or nationals. Current Medicaid policy permits states to accept that declaration or to require further verification as a condition of eligibility.

Immigrants who are neither U.S. citizens nor nationals, as a condition of eligibility for Medicaid, must declare in writing, under penalty of perjury, whether they are a qualified alien and, if so, present reasonable evidence of satisfactory immigration status. [Qualified aliens are defined in section 431 of the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA)]. In addition, for Medicaid, states are required to verify with the Immigration and Naturalization Service (INS) the immigration status of qualified aliens. Current policy on Medicaid verification of immigration status is found at Section 3212.9 of the State Medicaid Manual.

The requirement to verify immigration status is a long-standing requirement of the Social Security Act, which applies to Medicaid. PRWORA also includes a requirement for verification of immigration status by federal public benefit programs, such as Medicaid and CHIP. It was amended to add a new requirement for federal public benefit programs to verify citizenship. Policy is under development by the Justice Department in consultation with the Department of Health and Human Services on the PRWORA requirements to verify citizenship or national status and immigration status.

For CHIP, there are no verification requirements in the CHIP law (Title XXI of the Social Security Act) or elsewhere in the Social Security Act. However, the requirements for verification of citizenship or national status under PRWORA apply to CHIP as do the PRWORA requirements for verification of immigration status of qualified aliens with INS.

Pending the issuance of final rules by the Department of Justice, for CHIP, states should establish procedures for verification of citizenship or national status and for verification of immigration status in accordance with the Interim Guidance on Verification of Citizenship, Qualified Alien Status and Eligibility under Title IV of PRWORA issued by the Justice Department on November 17, 1997, 62 Fed. Reg. 61344-61416. For citizenship or national status, these guides allow federal benefit programs to accept self-declaration or require further verification.

Question 2

Must the state verify alien status for Medicaid? For CHIP?

See the response to Question 1 under *Citizenship* above. Verification is not required for those who are not qualified aliens. However, non-qualified aliens are eligible under Medicaid only for coverage of emergency services. Non-qualified aliens are not eligible for coverage under CHIP.

Question 3

Can the state accept self-declaration that the client is lawfully admitted for Medicaid? For CHIP?

Yes. See the response to Question 1 under *Citizenship* above.

Question 4

Will the State Medicaid Manual be revised per the January 23, 1998, letter to state health officials from HCFA stating that there are no verification requirements under federal law other than those related to alien status of noncitizens?

The State Medicaid Manual will be updated at some future data to incorporate the applicable requirements, including the requirement to verify citizenship or national status.

It should be noted that the January 23 letter also cited the post-eligibility IEVS requirement to verify income and resources under Medicaid. (See HCFA letter dated January 23, 1998, in Appendix D.)

Question 5

When verifying alien status via SAVE, should the alien's date of entry into the U.S. be part of the response?

While it would be desirable, the alien's date of entry is not part of the response provided by INS under automated primary verification at this time. The date of entry can be obtained under the secondary verification process.

Age of Child

Question 1

What is the minimum requirement?

There is no federal requirement for verification of the age of the child under either CHIP or Medicaid.

Question 2

Is self-declaration acceptable if the state does not do presumptive eligibility?

Self-declaration is acceptable for both Medicaid and CHIP (whether or not the state has adopted presumptive eligibility). However, HCFA encourages a random post-eligibility verification of age or the adoption of some other process that assures program integrity is being maintained.

Question 3

If a female is pregnant and delivers after age 19, can CHIP coverage be extended?

No. However, the state should determine whether the child is eligible as a poverty-level pregnant woman under Medicaid.

Question 4

If a child is involved in an accident at age 18 and turns age 19 while still needing treatment, can CHIP coverage be extended?

No.

Family Composition

Question 1

Is self-declaration acceptable?

Yes. Under both Medicaid and CHIP, self-declaration can be used to establish eligibility. However, HCFA encourages random post eligibility verifications or the adoption of other procedures to assure program integrity is being maintained.

Question 2

Should a live-in boyfriend or girlfriend be counted as a member of the family and part of the household size?

For Medicaid, if the live-in boyfriend or girlfriend is a parent of the born child in the family, the live-in is counted as a member of the family of the child. For more detail, see the response to Question 7 under *Income* above.

For CHIP, there are no federal requirements. The state may, therefore, follow Medicaid policy or adopt another policy.

VERIFICATION REQUIREMENTS

AT REDETERMINATION

State Questions and HCFA Responses

Income

Question 1

What are the minimum requirements for verification according to federal regulations?

For Medicaid, federal regulations require verification of income at redetermination under the IEVS system. The applicant must be informed in writing at the time of the redetermination that the agency will be requesting this information.

For CHIP, there are no federal verification requirements.

Question 2

Can the state accept the client's statement at redetermination without verifying income or changes in income for Medicaid? For CHIP?

Yes. For both Medicaid and CHIP, the state can use self-declaration of income to establish eligibility at redetermination.

For Medicaid, verification of self-declared income at redetermination is required under the IEVS system. For income that cannot be verified under IEVS, HCFA encourages random post-eligibility verifications or the adoption of other procedures designed to assure program integrity is being maintained.

For CHIP, there are no federal income verification requirements. However, HCFA encourages random post-eligibility verification of self-declared income at redetermination or the adoption of other procedures designed to assure program integrity is being maintained.

Question 3

Can the state complete a redetermination for Medicaid without an interview? For CHIP?

Yes in Medicaid. In CHIP, the state determines the rules, but an interview is not required in the law.

Question 4

In general, would verification requirements for redetermination remain the same or differ from verification requirements at application?

Aside from compliance with federal requirements, it is up to the state to determine for both CHIP and Medicaid whether to use the same or different verification requirements.

Resources

Question 1

What are the minimum requirements for verification according to federal regulations?

They are the same as minimum requirements for income. See response to Question 1 under *Income* above.

Question 2

Is self-declaration acceptable?

Yes. For both Medicaid and CHIP, the state can use self-declaration to establish eligibility. The requirements are the same as those for income. See response to Question 2 under *Income* above.

Citizenship

Question

Is self-declaration acceptable?

For both Medicaid and CHIP, there is no need to revisit citizenship or national or immigration status except where the beneficiary reports a change in circumstances or the state has reason to believe that a change in circumstance has occurred. In that event, states must follow the applicable requirements for CHIP and Medicaid outlined in the answer to Question 1 in the *Citizenship* section under "Verification Requirements At Application" in establishing the changed status.

Age of Child

Question 1

Is self-declaration acceptable?

Yes. Under both CHIP and Medicaid, the state can use self-declaration of age to redetermine eligibility. Because age is a circumstance that will not change, the state can rely on the age determination made at the time of the initial eligibility determination.

Question 2

What happens if a child turns 19 during the 12-month recertification period?

Under Medicaid, it depends on whether the state covers children over 18. If it does not, eligibility would end unless the state determines that the child is eligible under Medicaid on some other basis, such as disabled.

Under CHIP, eligibility ends at age 19. (At the time of the last redetermination, the state will know that the child will turn age 19 before the end of the period.)

Question 3

Will a statement from a credible third party be acceptable?

Whether to require a statement is up to the state to determine for both CHIP and Medicaid. As noted in the responses to question one, there is no need to redetermine age.

Question 4

Is there any need to redetermine since, once verified, age can be calculated?

No, for both CHIP and Medicaid.

Family Composition

Question 1

Is self-declaration acceptable?

Yes. Under both CHIP and Medicaid, the state can use self-declaration of family composition to establish eligibility at recertification. HCFA encourages random post-eligibility verification of self-declared family composition or some other process to ensure program integrity where family composition is declared to have changed from the time of application.

Question 2

Would using the same definitions for family and family income for both CHIP and Medicaid help facilitate eligibility determination and recertification?

Yes. Using the same definitions for both Medicaid and CHIP would simplify administration. It would facilitate the screening process required for separate CHIP programs and assure that all Medicaid-eligible children were identified. However, to do this, states would have to conform their CHIP policy to Medicaid because of the statutory restrictions on countable income and family composition that apply under Medicaid.

Question 3

Would a statement from a credible third party be acceptable?

That is for the state to determine for both CHIP and Medicaid. If there has been no declared change in family composition from the time of application, verification may not be warranted.

ADDITIONAL ISSUES

State Questions and HCFA Responses

Medicaid Versus CHIP

Question 1

Are there any differences between federal Medicaid and CHIP verification requirements?

Only one. Unlike Medicaid, there is no requirement under CHIP for income and resource verification under IEVS.

Question 2

Does HCFA expect CHIP verification procedures to differ from the verification procedures for other Medicaid coverage groups?

Outside of verification that is required under federal law and regulations, it is up to the state to establish verification requirements for CHIP and Medicaid. To the extent they can be made the same, it would facilitate the application process in situations where a joint application is being used.

Random Verification Checks

Question

Can eligibility be granted based on statements in the application with random checks used to verify? If so, what is the minimum standard for random checks?

Yes. Self-declaration can be used for both CHIP and Medicaid with random checks. States must comply with the federal verification requirements that are discussed in response to earlier questions.

There is no minimum standard for random checks. It is up to the state to set a standard it considers reasonable.

Insurance Verification

Question

What are the minimum requirements for verification of insurance status?

For Medicaid, under IEVS the state is required to obtain information from various agencies, not only for purposes of verifying income and resources for Medicaid eligibility but also for verifying the correct amount of Medicaid payments. IEVS data matches may disclose potential legally liable third parties, which states must follow up on unless the eligibility case file includes information about the potential legally liable third party. HCFA also has issued guidelines (Section 3904 of the State Medicaid Manual) about obtaining health insurance information from the applicant that may be useful in identifying legally liable third party resources.

For CHIP, there are no verification requirements. However, states are expected to apply and monitor the crowd-out policies in their approved Title XXI plans.

Alien Status of CHIP Applicants

Question

How can a CHIP program that is not Medicaid verify alien status?

The state should use the same verification process it uses for Medicaid.

Continuous Eligibility

Question 1

For continuous eligibility, is certification of any information (age, income, etc.) required during the period of continuous eligibility?

No.

Question 2

Instead of annual reviews, why not allow reviews to be based on income of the family and extend it to 24-month or 36-month reviews? Why not allow extended Medicaid certification periods for categorically needy families?

For Medicaid, this is not allowed because reviews at least annually are required by regulation (but not the law) with respect to circumstances that may change. Also, except for continuous eligibility, the regulations require

a prompt review when the Medicaid agency receives information about changes in a recipient's circumstances that may affect his/her eligibility.

For CHIP, the frequency of review is up to the state to determine.

Regulation Clarification

Question

What is HCFA's position on simplified eligibility/verification in view of regulations at 42 CFR 431.17 (b), which require case records to contain information on facts essential to determination of initial and continuing eligibility, and 42 CFR 435.913, whereby the agency must include in each applicant's record facts supporting the agency's eligibility decision?

HCFA's position is that these regulations do not impose an obligation to verify under Medicaid. Since the application is signed under penalty of perjury, unless independent documentation or verification is required by federal law, regulations or guidelines, the requirement to have facts to support the eligibility determination may be satisfied by information based on a self-declaration of the applicant.

These regulations do not apply to CHIP.

Paternity Establishment/Assignment of Rights

Question

Does assignment of rights and cooperation with paternity establishment apply to children receiving coverage under CHIP? Under Medicaid?

These requirements do not apply to CHIP. For Medicaid, they do apply, except that the requirement to cooperate in establishing paternity and in obtaining medical support and payments does not apply to poverty-level pregnant women and persons who the state determines have good cause to refuse to cooperate.

Also, for Medicaid, children (including infants) cannot be denied or terminated due to the refusal of a parent or another legally able person to assign rights or cooperate in establishing paternity or obtaining medical support and payments.

HCFA is giving states flexibility to obtain information on non-custodial parents at any time during the application process. This means that the information does not have to be collected in the *application* itself as long as it is obtained in the *application process*. The last step in the application process is the notification of the eligibility determination. HCFA will issue a letter on this requirement in the coming months.

Social Security Number

Question

If a parent fails to supply a valid Social Security number for himself, can the child be denied eligibility for Medicaid?

Only applicants for and recipients of Medicaid benefits must supply this information. States are expressly prohibited from requiring the Social Security number of a parent or family member as a condition of a child's eligibility. A Social Security number is required only for the child applying for Medicaid benefits. And for non-Medicaid CHIP programs, the provision of a Social Security number is optional. However, *voluntary* disclosure by the parent may facilitate income verification and expedite determination of the child's eligibility.

Immigration Status

Question

Can a citizen child applying for Medicaid be denied because his or her parents are not citizens?

The citizenship or immigration status of non-applicant parents or other household members is irrelevant to a child's Medicaid eligibility, and states may not require that parents provide this information about themselves. For children who are citizens applying for Medicaid or a separate state CHIP, states currently may establish citizenship on the basis of self-declaration. Children applying for either program and who are qualified aliens must present documentation of their immigration status, which states must verify using systems established for that purpose. (See HCFA letter dated September 10, 1998, in Appendix C.)

Under Medicaid, with the exception of obtaining documentation of immigration status for qualified alien applicants and the applicant's Social Security numbers, states can determine their own documentation requirements, including self-declaration of income and assets.

Quality Control Concerns

Question

Quality control errors remain a big concern for states. Does HCFA plan to ease or eliminate the threat of Medicaid Eligibility Quality Control (MEQC) errors in Family Medicaid?

Medicaid eligibility quality control cannot be eliminated because it is a requirement of federal law. However, HCFA has given states considerable flexibility, within the parameters of the law, to implement the quality control process. In lieu of the traditional review of a case sample, states may carry out pilot projects designed to focus the state's quality control efforts on areas where there may be problems. States also have the option to conduct alternative MEQC projects as part of an approved section 1115 waiver. States with approved pilot projects or section 1115 waivers are assigned an error rate which is the rate for their last full year under the regular system.

HCFA is aware of quality control concerns as states seek to simplify their application and enrollment processes for enrolling children into Medicaid. It is worth noting though that the national quality control error rate has been below the 3% tolerance for over a decade. We believe that as long as states maintain prudent administrative control over their Medicaid programs, there is little likelihood that states will be held disallowance liable. However, HCFA will continue to review the quality control implications of Medicaid eligibility application and enrollment simplification and will issue additional guidance, if appropriate.

Confidentiality

Question

Is confidentiality a concern in coordinating verification across programs?

Yes, it is a concern because confidentiality requirements vary from program to program. Some programs have strict disclosure requirements. For example, under Medicaid, disclosure of information about a Medicaid applicant or recipient must be for a purpose directly connected with the administration of the program.

Remote Eligibility Determination

Question

To facilitate more enrollment, why not allow remote eligibility determination sites for CHIP and Medicaid? What about letting entities other than the Department for Social Insurance and SSI determine eligibility?

For Medicaid, the law requires the determination of Medicaid eligibility to be made by state merit system employees. (The law allows states to contract with the Social Security Administration to determine Medicaid eligibility for aged, blind or disabled individuals.) Except for Medicaid outstationing, federal Medicaid funds may not be used for non-public employees to take applications and perform other initial application processing activities that precede the determination of eligibility. Under Medicaid outstationing, non-public employees, such as provider employees and private contractor employees, are permitted to perform initial application processing activities at federally qualified health centers, disproportionate share hospitals and other outstation locations where individuals go to receive services. Therefore, private entities are not permitted to operate the Medicaid process from application and eligibility determination to enrollment. However, within the parameters of the law noted above, states have flexibility to allow remote eligibility determination sites for Medicaid.

For CHIP, who performs application, eligibility determination and enrollment activities and how they are done is left to the state to determine.

Applying for Children

Question

Is a parent the only person legally able to file a child's Medicaid application?

No. According to Regulation 42CFR435.907, "the agency must require a written application (either) from the applicant, an authorized representative, or, if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant." Therefore, someone other than a parent is permitted to initiate a Medicaid application on behalf of a child.

APPENDIX A

November 23, 1998
Screening Letter from HCFA

November 23, 1998

Dear State Health Official:

The Department of Health and Human Services (DHHS) issued a letter on January 23, 1998 regarding outreach opportunities to improve enrollment of uninsured children in the State Children's Health Insurance Program (CHIP) or Medicaid. In that letter, DHHS described the requirement under CHIP to ensure that children found through screening to be eligible for Medicaid are enrolled in Medicaid. This letter provides additional guidance on the Medicaid "screen and enroll" requirement in the CHIP law under section 2102(b)(3)(B).

"Screen and Enroll" statutory requirement

The "screen and enroll" requirement is critical to ensuring that children are covered by the appropriate program. One of the principles of the CHIP legislation is that coverage should be extended to uninsured children and that CHIP programs should not supplant existing public or private coverage. To prevent substitution of CHIP for Medicaid, States establishing separate, non-Medicaid health insurance programs must screen all applicants for Medicaid eligibility and enroll them in Medicaid if they are eligible. This requirement ensures that any child applying for CHIP who is found through screening to be potentially eligible for either CHIP or Medicaid will be enrolled in the right program. States electing to expand only through Medicaid under CHIP are exempt from the CHIP screen and enroll requirement because eligibility for regular Medicaid will be determined as part of the eligibility process for the CHIP expansion.

The simplest way to meet the "screen and enroll" requirement is to use a joint application form. A State would review the joint application and determine Medicaid or CHIP eligibility consecutively, without requiring the family to submit additional information. Medicaid enrollment can be accomplished without referring the family to another office or completing another application. A number of States with separate CHIP programs are using or are planning to use a joint application form. (Note: A DHHS model joint application for CHIP and Medicaid can be found in the September 10, 1998 eligibility letter on the HCFA website at www.hcfa.gov.)

The following are three examples of States using a joint application:

Joint application / State agency determines eligibility:

Oregon uses this approach. The State has developed a joint application for Medicaid and for its separate CHIP program, and State workers will determine eligibility for both programs. The State will conduct a full Medicaid eligibility determination to determine whether the child is Medicaid eligible. If the child is eligible for Medicaid, she or he is enrolled in that program. If the child does not meet the Medicaid eligibility criteria, the State further screens the application to see if the child meets CHIP criteria. If so, the child is enrolled in CHIP.

Joint application / Private entity performs "initial processing":

Connecticut uses this approach. The State has developed a two-page application for its "HUSKY" program, which is used to determine eligibility for both Medicaid and for its separate CHIP program. The State contracts with an independent entity to perform the initial Medicaid screen and make the final eligibility determination for the non-Medicaid program. When the contractor receives an application for HUSKY and the child appears to be Medicaid eligible,

it will send the application to the appropriate Department of Social Services office for a final eligibility determination based on that application.

Florida is another example of a State using this approach. When the joint application for the Medicaid and the Healthy Kids program is received, the Healthy Kids staff screen it for Medicaid eligibility. Applications of children who appear to be Medicaid eligible are immediately forwarded to the Department of Children and Families for a final Medicaid eligibility determination. In Florida, the State eligibility workers are co-located in the same office as the Healthy Kids staff in order to minimize delays when processing applications. These applications are not processed for Healthy Kids eligibility until they have been deemed ineligible for Medicaid.

If a State chooses to use separate applications for its CHIP and Medicaid programs, it is still required to implement mechanisms that ensure that Medicaid-eligible children applying for CHIP are enrolled in the Medicaid program. State screening processes should assure that all children who are potentially eligible for Medicaid under the poverty-level-related groups are identified. The State may initially use a gross income test that compares total family income to the applicable Medicaid standard. The initial gross income test would immediately identify children whose family income is low enough that Medicaid eligibility would be almost certain. A second test would be needed, however, to detect those children whose gross family income exceeds the Medicaid standard but who are Medicaid-eligible when income disregards are applied. Without this second test, the State would not be meeting its responsibility to ensure that children eligible for Medicaid are identified and enrolled in Medicaid. Once Medicaid eligible children are identified, States must develop procedures that include reasonable actions on the part of the State to ensure enrollment into Medicaid. These procedures cannot place the entire burden of enrollment on the family.

In general, using separate applications or separate agencies to determine eligibility for CHIP and Medicaid makes it more difficult to ensure that children are enrolled in the appropriate program. If a State is using separate applications for its separate CHIP and Medicaid programs, DHHS will pay special attention during the review process to the procedures established by the State in order to ensure that the "screen and enroll" requirement is met.

Refusal to Apply for Medicaid or Failure to Complete the Application Process

Some States have raised the concern that the screen and enroll requirement may cause families to fail to complete the application process because they decline to apply for Medicaid, leaving some children uninsured. We believe that Congress intended that children eligible for Medicaid be enrolled in the Medicaid program. If a child is found through a State screening process to be potentially eligible for Medicaid and his or her family does not apply for Medicaid or fails to complete the application process for any reason, the child cannot be enrolled in CHIP. Enrollment in CHIP can occur only after an appropriate screen shows that the child is ineligible for Medicaid, when a State has expanded through a non-Medicaid program.

States should make every effort to ensure that a decision by a family not to apply for Medicaid or not to complete the application process is an informed one. The screen and enroll procedures must provide the family with full and complete information about Medicaid, including the early prevention, screening, diagnosis and treatment benefits, the prohibition against cost sharing and the differences between Medicaid and the State's CHIP program. Families should be informed that they do not have the choice of programs; they may not be enrolled in CHIP when determined to be Medicaid eligible. The process must ensure that the family understands the consequences of not applying for Medicaid or failing to complete the application process. To the extent there is reluctance to apply for Medicaid, shortening and simplifying the application process should help eliminate some of the barriers. Please see our letters to State Health Officials dated January 23, 1998 and September 10, 1998 for more information on simplifying the application process.

If you have any questions about how to fulfill the CHIP "screen and enroll" requirements, or any other part of this guidance, please contact your HCFA Regional Office.

Sincerely,

Sally K. Richardson
Director

cc:

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PHS Regional Offices
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Nolan Jones, National Governors' Association
Joy Wilson, National Conference of State Legislators
Cheryl Beversdorf, Association of State and Territorial Health Officials
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Return to Children's Health Insurance Program Page

Last Updated December 2, 1998

HCFA Beneficiaries Plans & Providers States Researchers S
Medicare Medicaid CHIP Customer Service FAQs

HCFA
Health Care Financing Administration

Department of Health & Human Services

APPENDIX B

Eligibility Verification Meeting Participants

SOUTHERN INSTITUTE ON CHILDREN AND FAMILIES

Eligibility Verification Meeting

The Mills House Hotel• 115 Meeting Street • Charleston, South Carolina

September 15-16, 1998

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APPENDIX C

September 10, 1998
CHIP Eligibility Letter
From HCFA

September 10, 1998

Dear State Health Official:

This letter is a follow-up to a letter issued by the Department of Health and Human Services on January 23, 1998 regarding opportunities for outreach to uninsured children. First, it highlights the flexibility States have to simplify the application and enrollment processes. Second, it provides clarification of two eligibility-related issues that have come to our attention as a result of the January letter: the provision of Social Security numbers (SSNs) for applicants and non-applicant family members; and establishment of immigration status for non-citizens.

I. Application and Enrollment Simplification

As we indicated in our letter dated January 23, 1998, a major key to successfully enrolling children in CHIP and Medicaid is a simple application and enrollment process. While it is important to maintain program integrity, a burdensome application and enrollment process can be a significant barrier to successful enrollment.

Many States have already begun to simplify their application and enrollment processes. Listed below are actions that States already have taken, as well as some other recommendations that States could adopt to change their current processes and to reduce the stigma and complexity of seeking assistance:

- Shorten application forms and/or use mail-in applications;
- Create joint CHIP/Medicaid applications;
- Use joint Medicaid and CHIP applications;
- Eliminate assets test;
- Allow self-reporting of income by the family with follow-up verification by the State;
- Reduce verification/documentation requirements that go beyond Federal regulation;
- Allow redeterminations to be done by mail;
- Speed up processing;
- Develop a follow-up process for families not completing the application process;
- Establish an effective referral system between the State's CHIP eligibility agency, the Medicaid and maternal and child health programs, schools as well as other Federal and State agencies that serve low-income families;
- Offer phone interviews, or have transportation vouchers to assist individuals in getting to face-to-face interviews;
- Expand outstationing opportunities;
- Increase staff with multi-lingual ability;
- Extend office hours so that applicants do not have to take off work to apply for benefits;
- Take advantage of new options like presumptive eligibility and 12 month continuous eligibility; and
- Try to reduce stigma of seeking public assistance by using techniques such as a different name for program (such as Arkansas' ARKids, Michigan's MIChild, and Connecticut's HuskyCare).

The Federal requirements for the application and enrollment process for Medicaid and for separate State CHIP programs provide a great deal of flexibility to States to design an application and enrollment process that is streamlined and simple, and avoids burdensome requirements for families that apply for benefits. For example, under Medicaid with the exception of obtaining documentation of immigration status for qualified alien applicants and the applicant's Social Security numbers, States have flexibility to determine documentation requirements, including self-declaration of income and assets. In addition, States with separate CHIP programs can streamline and coordinate their application and enrollment processes for CHIP and Medicaid in a number of ways to make it easier for families to apply, including use of a joint application.

The current application and enrollment requirements for Medicaid and separate State CHIP programs are listed in an attachment to this letter. They do not call for families to provide extensive amounts of documentation and information in order to file for benefits. For the most part, they deal in a very broad way with the basic elements of the application and enrollment process, and provide a great deal of flexibility to States to design a process that best suits their needs.

Enrolling America's uninsured children in Medicaid and CHIP is a national priority that requires an aggressive, sustained effort. There are many ways that States can, and are, modifying their processes to make them more user friendly. It is our hope that you will make, or continue to make, a firm commitment to simplify your application and enrollment processes in an effort to reduce barriers to enrolling uninsured children.

II. Clarification of Eligibility Requirements

BEST COPY AVAILABLE

Provision of Social Security Numbers (SSNs)

Attached to the January 23, 1998 outreach letter was a model joint CHIP/Medicaid application States could use in order to simplify

Attached to the January 23, 1998 outreach letter was a model joint CHIP/Medicaid application States could use in order to simplify the eligibility process for this new program. One of the pieces of information requested on the model application was a SSN for all family members, including those who were not applying for benefits. We wish to clarify that, under Section 1137 of the Act, a SSN must be supplied only by applicants for and recipients of Medicaid benefits. In all other cases, including non-applicant parents of children applying for Medicaid and children applying for a separate State CHIP program (non-Medicaid), States are prohibited from making the provision of a SSN by another family member a condition of the child's eligibility. This also applies to other members of the household whose income might be used in making the child's eligibility determination.

A revised joint application form for CHIP/Medicaid children is enclosed. As you will see, the form now requires a SSN only for children applying for Medicaid benefits. For children applying for a separate State CHIP program (non-Medicaid) and members of the household not applying for benefits, the SSN is indicated as being optional.

Some States use parents' SSN as a means of verifying family income in the process of making an eligibility determination. While the statute does not require disclosure of the SSN for non-applicants, voluntary disclosure by the parent may facilitate the verification of income and contribute to a speedier and more accurate determination of the child's eligibility. States may advise parents and other household members of this as long as they do so in a manner that does not coerce provision of the SSN or deter application for benefits. Once more, we wish to clarify that States have no legal basis for denying an application based upon the failure to supply the SSN for verification purposes.

III. Establishing Citizenship and Immigration Status of Non-Citizens

Children who are citizens and who are applying for either Medicaid or a separate State CHIP program may establish their citizenship on the basis of self-declaration; States are permitted to require further verification as a condition of eligibility. Children applying for either program who are qualified aliens must present documentation of their immigration status, which States must verify using systems established for that purpose. The citizenship or immigration status of non-applicant parents (or other household members), however, is irrelevant to their children's eligibility. States may not require that parents disclose this information.

There are both statutory and programmatic bases for our policy. Under the statute (Section 1137 of the Act), there is no authority for requiring individuals other than those applying for benefits to provide their SSNs or to document their immigration status. Furthermore, the Privacy Act makes it unlawful for a State to deny benefits to an individual based upon that individual's failure to disclose the SSN, unless the disclosure is required by Federal law or was part of a Federal, State, or local system of records in operation before January 1, 1975. States may only seek the SSN of these individuals on a strictly voluntary basis. The CHIP law does not require applicants to provide SSNs and the Medicaid law only requires it for applicants and recipients of Medicaid benefits.

From a programmatic point of view, asking non-applicants for their SSNs or evidence of immigration status may discourage immigrant parents, who may not wish to disclose information about themselves, from applying for benefits on behalf of their children who are U.S. citizens. When this occurs, the children are, in effect, denied access to medical care that they both need and are eligible for under the law.

We encourage States to actively provide information to adults applying for benefits on behalf of their children to inform them that their children's eligibility for Medicaid or CHIP is not contingent on disclosure of a parent's SSN (or lack thereof), or on information about non-applicant parents' immigration status.

If you have questions or suggestions on any of these eligibility-related issues and the use or adaptation of the model form and guidance attached, please contact your HCFA regional office staff.

Sincerely,

Sally K. Richardson
Director

Attachments

cc:
All HCFA Regional Offices

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MODEL JOINT APPLICATION FOR CHIP/MEDICAID FOR CHILDREN

[Revised 8/31/98]

Purpose: The attached model joint application can be used for both the Children's Health Insurance Program (CHIP) and children's Medicaid eligibility (under the children's poverty level related groups). States could allow individuals to use this form to apply for both programs and the information on this form would be sufficient for determining which program a child is eligible for. It includes only the information that is required in all circumstances, and it is provided as a base form that a State can adapt to meet its own needs. As presented, the form is suitable for completion by an intake worker. Modifications would be required to make the form suitable for direct completion by the applicant.

Screening: This application will meet the statutory requirement in Title XXI that States identify children who are eligible for Medicaid.

NOTE: Non-State employees cannot determine Medicaid eligibility. Therefore, in a State that has contracted out the process of CHIP eligibility determination (i.e., determinations are performed by non-State employees), this model application would have to be modified for use as a pure screening form (or a combination of an application for CHIP and a screening form) by removing all references to it as a Medicaid application. The statement about the use of the Social Security Number [33] still would be required. The inclusion of the section on rights and responsibilities [34] (but omitting any reference to Medicaid), however, would be at State option.

If the form were so modified, in order to permit the information on the form to be submitted for use in making a Medicaid determination, the eligibility workers could provide a separate page to be completed by those whom the screen indicates are Medicaid-eligible. On that page, the individual should consent to submission of the information as part of a Medicaid application, and accept the rights and responsibilities outlined in this model (including a statement under penalty of perjury that the information provided on the "attached screening form" or "attached CHIP application" is correct). Once this page is completed, the form could be forwarded to the State for a Medicaid eligibility determination.

Mandatory Information About Medicaid: If a State uses a joint CHIP/Medicaid application and denies the Medicaid application, then the State must thoroughly inform the individual about the availability of Medicaid and his or her right to apply for Medicaid on a basis other than as a poverty-level child. This includes an explanation of the Medicaid program and the various eligibility groups, the advantages of Medicaid over CHIP and information about how and where to apply for Medicaid.

Federal Verification Requirements: Under Federal law, there are no verification requirements pertaining to eligibility for the children under Medicaid other than those related to alien status of non-citizens, the post-eligibility requirements of §1137 pertaining to use of the individual's Social Security Number and an income and eligibility verification system. Eligibility of a citizen child may be established on the basis of self-declaration under penalty of perjury. States are permitted, however, to require further verification as a condition of eligibility.

Section 1137's requirement for furnishing a Social Security number applies only to the applicants for and recipients of Medicaid. It does not apply to the parents of Medicaid applicants, nor does it apply to a State-run Children's Health Insurance Program that is separate from the State's Medicaid program. The Privacy Act, § 7 of Public Law No. 93-579, 88 Stat. 1896, makes it unlawful for a State to deny benefits to an individual based upon that individual's failure to disclose the Social Security number unless the disclosure is required by federal law or was part of a federal, State, or local system of records in operation before January 1, 1975. Since the new CHIP program does not require that Social Security Numbers be supplied and the Medicaid program requires it only for applicants and recipients, States may seek these account numbers from applicants for a non-Medicaid CHIP program only on a strictly voluntary basis.

Additional Simplification of Medicaid Eligibility Determination: If the total gross income of the family is at or below the applicable Medicaid income standard, the questions in the shaded areas need not be answered. The individual is obviously income eligible for Medicaid without further information.

Explanation of Certain Fields: There are some questions on the application that may not elicit all the information needed to make a determination. Under certain circumstances, additional information will be required. For example:

- If the answer to the question about citizenship [18] is no, actual status will need to be determined, official documents submitted, etc.

- If the child has insurance [22] and is Medicaid-eligible, information about the insurance company and policy number will be needed; and

- If the child had medical bills in the last 3 months [32] and is Medicaid-eligible, eligibility information for the last three months will be needed to establish retroactive eligibility, in addition to information about the bills.

In addition, the question concerning employment by a public agency in the State [25] is only needed for CHIP eligibility and is not needed for Medicaid. This field does not ask directly about the availability and nature of health insurance, on the assumption that the eligibility worker would have access to a list of public agencies that offer State health insurance of the type that would preclude CHIP eligibility. If this is not the case in your State, this field would need to be expanded.

Examples of State Modifications:

- A State may wish to include voter registration; or

- A State may want to use this as an application for Medicaid for the adults, which would require additional information about the adults and stock affidavits concerning assignment of rights and pursuit of support.

- A State will need to add a question concerning each individual's resources (assets) if:

  - the State applies a resource test for the poverty level children; or

  - the State has not chosen to cover children born before 10/1/83 under the poverty level group AND the State applies a resource test for the optional group of categorically needy children ("Ribicoff children").

-- SAMPLE --

CHILDREN'S HEALTH INSURANCE PROGRAM / MEDICAID JOINT APPLICATION FORM [Revised 8/31/98]

I. Person Applying for the Child or Children					
Name [1] FIRST MIDDLE LAST	Home Phone [2]	Work Phone [3]			
Home Address [4] Street	Apt. # [5]	City [6]	State [7]	Zip [8]	County [9]
Mailing Address (if different from above) [10] Street	Apt. # [11]	City [12]	State [13]	Zip [14]	County [15]

II. Family Members Living in the Home (Attach extra sheet if needed)	

Children (under 19) living in the home NAMES [16]	Date of Birth [17]	Citizen (Yes or No – If no, see also attachment) [18]	Social Security Number [required for applicants – otherwise optional] [19]	Mother's Name [20]	Father's Name [21]	Covered by Health Insurance other than Medicaid [Yes or No] If yes, what insurance? [22]

Adults living in the home NAMES [23]	Social Security Number [optional] [24]	If employed by a public agency in the State, what agency? [25]

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III. Income and Child Care Payments

List all the Income Received by Family Members Listed Above (Attach Extra Sheet if Needed)

Name of person(s) working or receiving money* [26]	Who provides the money? [27] Employer, program or person	How Often? [28] Weekly, twice a month, monthly	What amount? [29] Before taxes or any deductions
1.			
2.			
3.			

*Be sure to include all sources of gross income (before taxes) such as wages, dividends & interest, TANF, SSI annuities, pension, disability, child support, alimony, cash gifts, & other unearned income

List the payments made for child care (or care for an adult who cannot care for himself) so that someone in your household can work. [30]

Name of person(s) who works	Name of Person Care For	Under Age 2?	How Often?	What amount?
		Yes * No *		

IV. Medicaid Questions

Is any child: [31] Pregnant: Yes * No * In an Institution: Yes * No *	Do any of the children have unpaid medical bills from the last 3 months? [32] Yes * No *

Social Security Number (SSN) [33]

If you are applying for Medicaid for a child, you are not required to provide your own Social Security Number (SSN), but we must have the child's SSN in order for the child to receive Medicaid. If you are applying for CHIP [State-specific program name] for a child, you are not required to provide either your own or the child's SSN. If you are applying for Medicaid for yourself, you must provide your SSN. This policy is dictated by section 1137(a(1) of the Social Security Act and the Medicaid regulations at 42 CFR 435.910. The Medicaid agency will use the SSN to verify your income, eligibility, and the amount of medical assistance payments we will make on your behalf. It is possible that the Medicaid agency will also use the SSN to determine another person's right to Medicaid or to comply with Federal law requiring that we release information from Medicaid records. The information may be matched with the records in other agencies, such as the Social Security Administration or the Internal Revenue Service. These matches may be done by computer or on an individual basis.

Rights and Responsibilities [34]

I agree to the release of personal and financial information from this application form and supporting documents to the agencies that run these programs so that they can evaluate it and verify eligibility. I understand that the agencies that run the programs will determine confidentiality of this information according to the federal laws, 42CFR 431.300-431.307.1, and any applicable federal and state laws and regulations.

I understand that this application is an application for one kind of children's health benefits under Medicaid and is not a full Medicaid application. I understand that if I am not found eligible for this kind of children's health benefits under Medicaid, I may be eligible for Medicaid benefits on some other basis and have a right to complete a full Medicaid application.

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Officials from the programs that I, or members of my household, have applied for may verify all information on this form.

I understand that I must immediately tell the Medicaid agency about any changes in information on this form.

I understand that I may be asked to provide additional information.

I understand my eligibility will not be affected by my race, color, national origin, age, disability, or sex, except where this is required by law.

I have the right to appeal any decisions made by a local Medicaid program. Information on the appeals process can be obtained from the local Medicaid agency.

I understand that anyone who knowingly lies or misrepresents the truth or arranges for someone to knowingly lie or misrepresent the truth is committing a crime which can be punished under federal law, state law, or both. I understand that I may also be liable for repaying in cash the value of the benefits received and my be subject to civil penalties.

I certify under penalty of perjury that everything on this application form is the truth as best I know.

Signature [35] **Date**

Date Received by Agency [36]

Application and Enrollment Requirements for Medicaid and Separate State CHIP

1. Requirements for Separate State (non-Medicaid) CHIP

If a State chooses to develop a separate State (non-Medicaid) CHIP program, the only Federal requirements for the application and enrollment process for CHIP are:

- A screening and enrollment process designed by the State to ensure that Medicaid eligible children are identified and enrolled in Medicaid; and
- For qualified aliens, verification of applicant's immigration status with INS.

2. Requirements for Medicaid

The Federal requirements for the application and enrollment process for Medicaid (includingCHIP-related Medicaid programs) are explained in 42 CFR 435.900ff. Specifically, States must:

- Give individuals the opportunity to apply for Medicaid without delay. Pregnant women and infants must have the opportunity to apply for Medicaid at required outstation locations other than welfare offices.
- Require a written application on a form prescribed by the State Medicaid agency and signed under a penalty of perjury. The application must be filed by the applicant, an authorized representative, or if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant.
- Provide written (or oral, if appropriate) information to all applicants on Medicaid eligibility requirements, available services, and the rights and responsibilities of applicants and recipients. The State also must have pamphlets or bulletins that explain the eligibility rules and appeal rights in simple, understandable terms.
- Obtain the Social Security number (SSN) of the applicant. (Note that the SSN cannot be required of other family members who are not applying for Medicaid).
- If the applicant is a qualified alien, obtain documentation of satisfactory immigration status and verify immigration status with INS. (Note that this requirement does not apply to parents if the parents are not applying for Medicaid).
- Take action on applications within a time standard set by the State (not to exceed 45 days for individuals who apply on a basis other than disability) and inform the applicant about when a decision can be expected.
- Record in each applicant's case record facts to support its eligibility decision.
- Send a written decision notice to every applicant. If the application is denied, the notice must include the reasons for the denial, the specific regulations supporting the action and an explanation of the applicant's right to a hearing.

It also is important to note that the State's application and enrollment process must be consistent with our data collection

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requirements.

Federal law requires no verification of information pertaining to eligibility for children under Medicaid other than the requirement for verification of immigration status of qualified aliens, and the post-eligibility requirement in Section 1137 for an income and eligibility verification system (IEVS). Under IEVS, the State must request information from other Federal and State agencies to verify the applicant's income and resources. The applicant must be informed in writing, at the time of application, that the agency will be requesting this information.

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Last updated September 17, 1998

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APPENDIX D

January 23, 1998
Outreach Letter
From HCFA

January 23, 1998

Dear State Health Official:

This letter highlights new and existing opportunities for outreach to uninsured children. We share a mutual interest in and commitment to enrolling uninsured children in both Medicaid and the new State Children's Health Insurance Program (CHIP). An estimated 3 million children are eligible for Medicaid, but remain uninsured. Millions more will be eligible for CHIP because of historic, bipartisan legislation passed by the Administration and Congress. Successfully enrolling these eligible but uninsured children is critical to both the success of these programs and the health of these children; as such, outreach is a high priority for the President, First Lady, and Department of Health and Human Services.

In this letter, we describe examples of and options for successful outreach and enrollment and Federal funding available for these activities. Most of these provisions are currently options within Medicaid or reflect preliminary guidance for CHIP. Two of these provisions -- expanding the entities that can determine presumptive eligibility and expanding access to a special fund for outreach -- are proposals in the President's fiscal year 1999 Budget that would provide nearly $200 million a year in additional Federal dollars to States that choose to take advantage of these initiatives. If passed, they would be effective on October 1, 1998.

I. Funding for Outreach

States have several options for receiving Federal matching funds to find and enroll uninsured children in Medicaid and/or CHIP. Medicaid will match States' expenditures associated with outreach to Medicaid-eligible children. Similarly, CHIP funds may be used to pay for outreach to CHIP-eligible children (up to the 10 percent limit, described below). Because of the importance of outreach, the President's fiscal year 1999 Budget contains proposed legislation that, if enacted, would provide a higher matching rate for outreach activities for all children, regardless of their eligibility. This section describes these options.

Federal Matching of Outreach under Medicaid

There have been questions about what types of outreach activities Medicaid will fund. The Federal government matches State Medicaid expenditures for outreach activities that bring potential eligibles into the Medicaid system to determine if they qualify for Medicaid benefits. These activities include: informing families about Medicaid through brochures or other promotional material; assisting families in completing Medicaid applications; and providing the necessary forms and packaging for Medicaid eligibility determinations. These activities are considered allowable Medicaid administrative activities for the purpose of Federal matching. Since the Medicaid program is an open-ended entitlement program, there is no limit on the amount of allowable Medicaid outreach expenditures States may claim for Federal matching.

Federal Matching of Outreach under CHIP

Title XXI places a strong emphasis on outreach. State child health plans cannot be approved without a description of how States will educate families, assist them in enrolling children in the appropriate program, and coordinate health insurance programs across the State. There are several ways that CHIP outreach expenditures may be matched.

Non-Medicaid CHIP Option Outreach activities related to a non-Medicaid CHIP program only would be matched from the State's CHIP allotment. States may spend up to 10 percent of their total CHIP expenditures (Federal and State) on non-benefit activities, including: outreach conducted to identify and enroll eligible children in CHIP; administration costs; health services initiatives; and other child health assistance. These expenditures are matched at the enhanced CHIP matching rate and count against both the 10 percent limit and the allotment.

Medicaid CHIP Option Outreach activities related strictly to a Medicaid expansion under CHIP can be matched either from the State's CHIP allotment or under regular Medicaid, at the State's option. If a State elects to claim Federal matching for its outreach expenditures from the CHIP allotment, such Federal payments will count against the State's 10 percent limit and allotment and will be matched at the enhanced CHIP matching rate. Once the State reaches its 10 percent limit and/or its CHIP allotment, it may then claim Federal matching for any additional Medicaid outreach expenditures under the Medicaid program. States may claim Federal matching for outreach expenditures under the Medicaid program only if such expenditures are for CHIP-related Medicaid expansion groups. Alternatively, a State may elect to claim Federal matching for outreach expenditures for CHIP-related Medicaid expansion groups under the Medicaid program at the regular Medicaid administrative matching rate. If claimed in this way, Federal payments for these expenditures would not count against the 10 percent limit or the CHIP allotment.

Joint Medicaid-CHIP Option Joint outreach efforts for Medicaid and CHIP may similarly be matched by either Medicaid or CHIP. Detailed guidance on these options was provided in a December 8, 1997 letter to State Health Officials on financial issues.

Enhanced Matching for Children's Outreach Efforts [Proposed Legislation]

In the welfare reform bill that created the Temporary Assistance for Needy Families (TANF) program, a $500 million Medicaid fund

was established to help States ensure that children and parents losing welfare know about their continued eligibility for Medicaid. These funds, which are allotted to States, provide an enhanced Federal matching rate for outreach and administrative costs related to this narrow group of Medicaid-eligible people. Certain outreach activities are eligible to receive a 90 percent matching rate from the fund. (See the May 14, 1997 *Federal Register* notice for details.) Few States, however, have taken advantage of this fund so far, in part, due to the difficulty of targeting outreach only to a subset of Medicaid-eligible children.

The President's fiscal year 1999 Budget includes a legislative proposal that, if enacted, would expand the use of this fund. States would be able to receive a 90 percent matching rate for outreach activities for all uninsured children, not just those who would have been eligible for welfare. The Federal funds to cover the extra matching (above Medicaid's regular matching amount) would come from this fund. In addition, the proposal would remove the sunset on the fund in 2000 and add another $25 million to assist States with increased outreach activities.

II. Expanding Sites for Enrolling Children

In the wake of welfare reform, families often misunderstand their children's continued eligibility for Medicaid. They also may be unsure about differences between Medicaid and CHIP. Thus, it has become more important than ever that States have and pursue options to conduct educational activities and enrollment of children in a wider array of community settings.

Allowing Immediate Medicaid Coverage Through Schools, Head Start, and Child Care Centers [Proposed Legislation]

The Balanced Budget Act (BBA) of 1997 gave States a new option in Medicaid to grant "presumptive eligibility" to children. Certain children may receive immediate health care coverage without having to wait for a full Medicaid eligibility determination. Under this option, a "qualified entity"and/or its employees may presume that a child is temporarily eligible for Medicaid if, using preliminary information, family income does not exceed the State's applicable income eligibility level. The child's parent or guardian has until the end of the following month to submit a full Medicaid application for the child. Until a final eligibility determination on that application is made by the State, the child is covered for Medicaid services. Although the CHIP statute does not expressly provide for presumptive eligibility, States also could use this option in their eligibility for a CHIP separate State program.

The BBA defines "qualified entities" as providers of health care items and services under the Medicaid State plan (including IHS, Tribal and urban Indian health care providers that participate in a Medicaid State plan) and entities that determine eligibility for Head Start, WIC and child care subsidies under the Child Care and Development Block Grant. It also requires that certain costs associated with presumptive eligibility be subtracted from the State's child health allotment (see the December 8, 1997 letter on financial issues).

The President's fiscal year 1999 Budget proposes to make this presumptive eligibility option more flexible and attractive to States. First, it would broaden the definition of "qualified entities" to include sites such as schools, child care resource and referral centers, child support enforcement agencies and CHIP eligibility workers. Second, it would eliminate the requirement that States subtract the costs of presumptive eligibility from their CHIP allotments. Instead, these costs would be matched as a regular Medicaid State plan option. Both of these changes would give States greater incentives and flexibility for using this important authority.

"Outstationing" Eligibility Workers in Communities

Outstationing eligibility workers is a promising outreach strategy for enrolling Medicaid and CHIP-eligible children. "Outstationing" means locating eligibility workers in places other than welfare offices to assist with the initial processing of applications. (The final Medicaid eligibility determination must be made by the appropriate State agency.) Current Medicaid law requires States to outstation eligibility workers in Federally qualified health centers and disproportionate share hospitals. States also can receive Federal matching for outstationing eligibility workers in other locations.

We encourage States to consider outstationing eligibility workers at sites that are frequented by families with children such as schools, child care centers, churches, Head Start centers, WIC offices, community centers, Job Corps sites, GED programs, local Tribal organizations and Social Security offices.

Using Mail-In Applications

One option that allows States to ease the enrollment process is the use of mail-in applications. Mail-in applications, especially for Medicaid, can significantly reduce the barriers to enrollment that may occur with requiring in-person applications. Transportation costs are eliminated, the stigma of going to a social services office is removed, parents will not have to miss work, and community groups like PTAs and church organizations can assist in distributing applications and information regarding Medicaid and CHIP. Many, but not all, States use this option in Medicaid today. We encourage all States to adopt this option.

III. Simplifying Enrollment

A key to successfully enrolling children at a wide range of sites is a simple application and enrollment process.

Simplifying the Medicaid Application and Eligibility Process

One barrier to enrollment in Medicaid is the complexity of the application. Some States have applications over 20 pages long, posing an often insurmountable challenge for families. We encourage States to develop strategies to simplify these processes by: preparing a simplified Medicaid application for the eligibility groups that include most children; using a "less restrictive" eligibility methodology that drops the Medicaid assets test for children; shortening the Medicaid application form generally; and allowing mail-in applications. Also, there are few verification requirements under Federal law that are mandatory. While it is important to maintain program integrity by verifying income, excessive requirements can deter families from completing the application process.

Medicaid administrative funds can be used to redesign the Medicaid application form. Attached are some examples of shortened and simplified Medicaid applications used in some States (see attachment A).

Using a Single Application for Medicaid and CHIP

We encourage States to use one application for both Medicaid and CHIP. The advantages of a single application form include a reduction in paperwork for the State and a simplified process for families potentially eligible for Medicaid or CHIP. Attachment B includes a model joint application form and its instructions. We also encourage States to use single applications for health and non-health programs like TANF.

Eligibility Screening and Enrollment for Medicaid and CHIP

CHIP requires States to ensure that only targeted low-income children are furnished child health assistance and that children found eligible for Medicaid through screening are enrolled in Medicaid. At a minimum, State screening processes should assure that all children who are potentially eligible for Medicaid under the poverty-level-related groups are identified. The State may initially use a gross income test that compares total family income to the applicable Medicaid standard. The initial gross income test would immediately identify children whose family income is low enough that Medicaid eligibility would be almost certain. A second test would be needed, however, to detect those children whose gross family income exceeds the Medicaid standard but who are Medicaid-eligible when income disregards are applied. Without this second test, the State would not be meeting its responsibility to ensure that children eligible for Medicaid are identified and enrolled in Medicaid. (Some States have used this technique with simplified Medicaid applications.) Screening is not required for States that elect to expand Medicaid under CHIP, because the child's eligibility for regular Medicaid will be determined as part of the State's eligibility determination process.

The statute clearly says that States must include in their State child health plans a description of procedures to ensure that children found to be eligible for Medicaid must be enrolled in Medicaid; a simple referral procedure to Medicaid will not meet this requirement. The Department of Health and Human Services (DHHS) will be providing guidance on options to meet this requirement in the near future. Some examples include:

- **Single State agency for eligibility determination**: States can use the Medicaid State agency to make eligibility determinations for non-Medicaid CHIP expansions as well as Medicaid CHIP expansions.
- **Joint application for both CHIP and Medicaid**: States can use a joint CHIP and Medicaid application. As noted earlier, DHHS has developed a model application form for CHIP and Medicaid (see attachment B). States could use interagency agreements to send applications to the appropriate place for processing.
- **Presumptive eligibility**: If the President's fiscal year 1999 Budget proposal is enacted, States will have the option of allowing their CHIP eligibility workers to make presumptive Medicaid eligibility determinations as well as CHIP eligibility determinations. (The final Medicaid eligibility determination must be made by the appropriate State agency.)

Granting 12-Month Continuous Eligibility

Another way to increase the number of children with health insurance is to grant children eligibility for Medicaid for a longer period of time. Many families fall in and out of income eligibility due to job changes or fluctuations in paychecks. The BBA provides States the option to provide individuals under age 19 with up to 12 months of continuous eligibility after they are determined eligible for Medicaid, even if there is a change in the family's income, assets, or size. Under this option, Medicaid eligibility is granted for a period of up to one year regardless of changes in circumstances. States that use their CHIP funds for separate State programs can also provide continuous eligibility, since they have the flexibility to determine how frequently follow-up screening (redetermination) will be conducted.

IV. Other Outreach Strategies

In addition to expanding sites for enrollment and simplifying the process, States have used a number of valuable approaches to help them locate children and facilitate their enrollment in Medicaid and other health programs. This has been especially true for children who are members of special populations, such as children with special health care needs, homeless children and migrant children. State strategies to reduce barriers to enrollment range from advertising on billboards to linking health with other types of public programs like Head Start. Promising examples of State outreach activities are described in attachment C.

Summary

Every successful outreach model requires cooperation among diverse entities. Potential partners for outreach programs include school districts, community-based organizations, local health and human service providers, Head Start programs and child care centers. In addition, collaboration between the Federal and State governments, private businesses, foundations and advocacy groups

could also produce creative and effective outreach initiatives.

We believe that the new children's health insurance program provides a unique opportunity to ensure that the millions of eligible children are enrolled in public or private health insurance plans and receive essential health care services. We hope you will join us in meeting this challenge.

Sincerely,

Nancy-Ann Min DeParle
Administrator
Health Care Financing Administration

Claude Earl Fox, M.D., M.P.H.
Acting Administrator
Health Resources and Service Administration

Attachments

cc: HHS Regional Directors
HCFA Regional Offices
PHS Regional Offices
TANF State Agencies
Title IV-D Agencies
Child Care Directors
Child Welfare Directors
Ms. Lee Partridge, American Public Welfare Association
Ms. Jennifer Baxendell, National Governors' Association
Ms. Joy Wilson, National Conference of State Legislatures
Ms. Cheryl Beversdorf, Association of State and Territorial Health Officials
Ms. Mary Beth Senkewicz, National Association of Insurance Commissioners

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(Attachment A)

EXAMPLES OF SIMPLE MEDICAID APPLICATION FORMS

1) List of States that have simplified the Medicaid Application Process:

2) Delaware's Application (For more information call (302) 577-4901)

3) Georgia's Application (For more information call (404) 656-4479)

4) South Carolina's Application (For more information call (803) 253-6100)

(1) States That Have Simplified the Medicaid Application Process

The following States have taken steps to simplify their Medicaid application processes, by allowing mail-in applications, shortening the Medicaid application form, or eliminating the assets test for children or by using a combination of these techniques.

Mail-In Applications (24)	**Short Application (29) ****	**No Assets Test (36) *****
Alabama	Alabama	Alabama
Alaska *	Alaska	Alaska
Connecticu	Arkansas	Arizona
Delaware	Colorado	Connecticut
District of Columbia	Georgia	Delaware
Hawaii *	Hawaii	District of Columbia
Illinois *	Illinois	Florida
Maine *	Indiana	Georgia
Massachusetts	Iowa	Illinois
Michigan (local decision)	Kentucky	Indiana
Minnesota	Michigan	Kansas
Mississippi	Mississippi	Kentucky
Missouri	Missouri	Louisiana
New Mexico *	New Hampshire	Maine
North Dakota *	New Mexico	Maryland
Ohio	New York	Massachusetts
Oklahoma	Ohio	Michigan
Oregon	Oklahoma	Mississippi

Pennsylvania	Oregon	Missouri
Utah *	South Carolina	Nebraska
Vermont	South Dakota	New Hampshire
Virginia	Tennessee	New Jersey
Washington	Texas	New Mexico
Wyoming *	Utah	New York
	Vermont	North Carolina
	Virginia	Ohio
	Washington	Oklahoma
	West Virginia	Pennsylvania
	Wyoming	South Carolina
		South Dakota
		Tennessee
		Vermont
		Virginia
		Washington
		West Virginia
		Wisconsin

* After the mail-in application is received, the Medicaid agency will conduct a telephone interview.
** Applications are the same length or shorter than the HCFA model application
*** AR, CA, HI & UT count assets in determining Medicaid eligibility for some children.

Source: Center on Budget and Policy Priorities, August 1997

(Attachment B)

MODEL JOINT APPLICATION FOR CHIP/MEDICAID FOR CHILDREN

Purpose: The attached model joint application can be used for both the Children's Health Insurance Program (CHIP) and children's Medicaid eligibility (under the children's poverty level related groups). States could allow individuals to use this form to apply for both programs and the information on this form would be sufficient for determining which program a child is eligible for. It includes only that information which is required in all circumstances and is provided as a base form which a State can adapt to meet its own needs. As presented, the form is suitable for completion by an intake worker. Modifications would be required to make the form suitable for direct completion by the applicant.

Screening: This application will meet the statutory requirement in Title XXI that States identify children who are eligible for Medicaid.

NOTE: In situations where the State has contracted out the CHIP program eligibility (i.e., determinations will be made by non-State employees), this form can be modified to be used as a pure screening form (or a combination of an application for CHIP and screening form) by removing all references to Medicaid. The statement about the use of the Social Security number [33] would be required. Inclusion of the rights and responsibilities section (without reference to Medicaid), however, would be at State option. Non-State employees cannot make a determination of Medicaid eligibility. If the form is so modified, in order to permit the information on the form to be submitted for use in making a Medicaid determination, the non-State employees could have a separate page for those whom the screen indicates are Medicaid-eligible. On that page, the individual should consent to submission of the information as part of a Medicaid application, and accept the rights and responsibilities outlined on this draft (including a statement under penalty of perjury that the information provided on the "attached screening form" or "attached CHIP application" is correct). After this page is completed, the form could be forwarded to the State for a Medicaid eligibility determination.

Mandatory Information About Medicaid: If a State uses a joint CHIP/Medicaid application and denies the Medicaid application, then the State must thoroughly inform the individual about the availability of Medicaid and his or her right to apply for Medicaid on a basis other than as a poverty-level child. This includes an explanation of the Medicaid program and the various eligibility groups, the advantages of Medicaid over CHIP and information about how and where to apply for Medicaid.

Federal Verification Requirements: Under Federal law, there are no verification requirements pertaining to eligibility for the children's poverty-level-related groups under Medicaid other than those related to alien status of non-citizens, and the posteligibility requirements of 1137 pertaining to use of the individual's social security number and an income and eligibility verification system. Eligibility of a citizen child may be established on the basis of a declaration under penalty of perjury. States are permitted to require further verification as a condition of eligibility.

Additional Simplification of Medicaid Eligibility Determination: If the total gross income of the family is at or below the applicable Medicaid income standard, the questions in the shaded areas need not be answered. The individual is obviously income eligible for Medicaid without further information.

Explanation of Certain Fields: There are some questions on the application that may not elicit all the information needed to make a determination. Under certain circumstances, additional information will be required. For example:

If the answer to the question about citizenship [18] is no, actual status will need to be determined, official documents submitted, etc.

If the child has insurance [22] and is Medicaid-eligible, information about the insurance company and policy number will be needed; and

If the child had medical bills in the last 3 months [32] and is Medicaid-eligible, eligibility information for the last three months will be needed to establish retroactive eligibility, in addition to information about the bills.

In addition, the question concerning employment by a public agency in the State [25] is only needed for CHIP eligibility and is not needed for Medicaid. This field does not ask directly about the availability and nature of health insurance on the assumption that the eligibility worker would have access to a list of public agencies which offer State health insurance of the type which precludes CHIP eligibility. If this is not the case in your State, this field would need to be expanded.

Examples of State Modifications:

A State may wish to include voter registration; or

A State may want to use this as an application for Medicaid for the adults which would require additional information about the adults and stock affidavits concerning assignment of rights and pursuit of support.

A State will need to add a question concerning each individual's resources (assets) if:

- the State applies a resource test for the poverty level children; or
- the State has not chosen to cover children born before 10/1/83 under the poverty level group AND the State applies a resource test for the optional group of categorically needy children ("Ribicoff children").